



City of Detroit

OFFICE OF THE AUDITOR GENERAL

**Audit of the
City of Detroit Ombudsman**

December 2003

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MEMORANDUM

DATE: December 23, 2003

TO: Honorable City Council

FROM: Joseph L. Harris
Auditor General *Joseph L. Harris*

RE: Audit of the Office of the Ombudsman

C: Mayor Kwame M. Kilpatrick

Attached for your review is our report on the audit of the Office of the Ombudsman.

This report contains our audit purpose, scope, objectives, and methodology; background; and the status of the prior recommendation. The Office of the Ombudsman declined to provide a response to our report, as we did not identify any findings or non-compliance issues.

We appreciate the assistance that we received from the employees of the Office of the Ombudsman.

AUDIT PURPOSE, SCOPE, OBJECTIVES, AND METHODOLOGY

Audit Purpose

The audit of the Office of the Ombudsman was performed under the Office of the Auditor General's (OAG) Charter mandate to audit financial transactions of all City agencies. The OAG performed an audit to test the adequacy of control procedures for payroll, cash receipts, voucher disbursements, fixed assets, inventory, and imprest cash. The audit also tested the Agency's compliance with year-end closing procedures.

Audit Scope

We performed an assessment of the Office of the Ombudsman's internal control procedures for cash receipts, payroll, disbursements, fixed assets, inventory, and imprest cash; and for compliance with year-end closing procedures. We did not observe any weaknesses in internal controls, so we focused our audit on the status of the prior audit finding.

Our audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States, except for the completion of an external quality review of the Office of the Auditor General within the last three years.

Audit Objectives

Our audit objectives were to evaluate the adequacy of the Office of the Ombudsman's internal controls over major financial reporting processes, and to determine whether the Office of the Ombudsman implemented the prior audit recommendations or otherwise resolved the findings.

Audit Methodology

To accomplish the audit objectives, our audit work included the following:

- A review of City ordinances and other pertinent information relating to the Office of the Ombudsman
- Interviews with appropriate Office of the Ombudsman personnel
- Observation and testing of internal control processes and procedures

BACKGROUND

The Office of the Ombudsman was established by City Charter in 1973. The Ombudsman is appointed by a two-thirds (2/3) majority of City Council. The Ombudsman's term is ten (10) years.

The Ombudsman may investigate any official act of any agency, except elective officers, which aggrieves any person.

The authority of the Ombudsman extends equally to all agencies. However, the Ombudsman may only investigate and report whether an investigation and hearing, that is authorized by the City Charter and is made by an agency having subpoena power, was conducted fully and fairly.

The Ombudsman may establish procedures for receiving and processing complaints, conducting investigations and hearings, and reporting findings. No fee shall be levied for the filing or investigation of complaints.

Budgeted appropriations for fiscal year 2002-2003 were \$1,329,493, with 11 budgeted positions. Budgeted appropriations for the 2003-2004 fiscal year were \$1,547,288, with 11 budgeted positions.

STATUS OF PRIOR RECOMMENDATION

Our previous report on the Office of the Ombudsman contained one recommendation: to comply with the Finance Directive to submit a Certification of Expenses for travel related expenses, and deposit unspent travel advances with the City Treasurer. Our audit disclosed the Office of the Ombudsman to be in compliance with the Directive except for the timeliness of travel report submissions. This recommendation has been dropped due to its immateriality.

CONCLUSION

Further review of the Office of the Ombudsman's control procedures revealed no material weaknesses in the system of internal control.